MULTIMEDIA UNIVERSITY

STUDENT ID NO

MULTIMEDIA UNIVERSITY

FINAL EXAMINATION

TRIMESTER 1, 2022/2023 (TERM ID 2215)

BAC1034 – PRINCIPLES OF FINANCIAL ACCOUNTING

(All sections / Groups)

22 FEBRUARY 2023
9.00 a.m - 11.00 a.m
(2 Hours)

INSTRUCTIONS TO STUDENTS

1. This Question paper consists of **FIVE** pages, excluding the cover page.
2. Answer **ALL** questions. Marks are shown at the end of each question.
3. Answer the questions in the Answer Booklet provided.

QUESTION 1

Yamimi is in business as a retailer. The following balances were extracted from the books of Yamimi Berhad as at 31 December 2021.

	Debit (RM)	Credit (RM)
Land	250,000	
Buildings	100,000	
Motor vehicles	60,000	
Machinery	35,000	
Retained earnings, 1 Jan		185,000
8% Notes payable		75,000
Share capital – Ordinary		127,500
Accumulated depreciation – Buildings		30,000
Accumulated depreciation – Motor vehicles		34,625
Accumulated depreciation – Machinery		20,000
Returns	1,800	2,050
Purchases and sales	200,000	350,000
Discounts	2,500	1,750
Carriage inwards	3,850	
Carriage outwards	4,000	
Inventory, 1 Jan	26,000	
Accounts receivables and payables	33,000	22,100
Advertising	9,000	
Staff training costs	2,500	
Bad debts	1,500	
Motor expense	8,500	
Rent expenses	39,000	
Cash	7,500	
Prepaid insurance	6,000	
Overdraft bank		4,275
Commission received		2,100
Salaries and wages expense	57,500	
Interest expense	3,000	
Supplies expense	3,750	
	854,400	854,400

Additional information:

1. Ending inventory at 31 December 2021 was valued at RM32,500.
2. Depreciation is to be charged as follows:

Buildings	2% on a straight-line method
Motor vehicles	20% on reducing balance method
Machinery	RM750 per month

3. One of Yamimi's customers, who owed RM1,500 was declared bankrupt. This is to be written off.

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4. Supplies on hand at 31 December is RM1,250.
5. The insurance expires at RM3,000 per year.
6. Rent expenses of RM3,500 are accrued at 31 December.
7. The utility bill for RM100 has not been recorded and will not be paid until next month.
8. The directors of Yamimi declared a dividend of RM55,000 at the end of the year.

Required:

(a) Prepare the Statement of Profit or Loss for the year ended 31 December 2021.

(13 marks)

(b) Prepare the Statement of Financial Position for the year ended 31 December 2021.

(12 marks)

[TOTAL 25 MARKS]

QUESTION 2

PART A

Kirana founded a printing company called Kiprint Berhad. It started its business on 1 January 2020. The following transactions were completed in March 2020:

1	The company issues ordinary shares in exchange for RM450,000 in cash.
3	Purchase of three printers for RM100,000 in exchange for RM25,000 cash and signing of a promissory note for 5 years and 10% for the balance.
7	Purchase of consumables supplies worth RM 25,000 on credit from Lee Tuck.
9	Cash receipts from printing amounted to RM35,000.
16	Paid RM12,500 in cash for poster and ratio advertising.
18	Paid RM10,000 on account for consumables supplies purchased in March 7.
21	The company paid dividends of RM60,000.
24	Payment of RM2,000 for rent for the current month by check.
27	Received a cash advance of RM20,000 from a customer for future printing jobs.
30	Invoiced the customer RM7,500 for printing work done.

Required:

Journalize the above transactions in General Journal form. Explanations are not required.

(10 marks)

Continued...

PART B

Selected events and transactions of a company in 2021 are presented below.

(i) Financial statements are the primary means of communicating accounting information to interested parties.
(ii) The purchase of an asset on account increases assets and decreases equity.
(iii) Transactions are recorded in the general ledger accounts and then transferred to the journals.
(iv) The rules for debits and credits and the normal balance of the capital-ordinary stock are the same as for assets.
(v) Adjusting entries are made frequently because some transactions are not recorded when they occur.
(vi) Business owners are the only people who need accounting information.
(vii) Transactions that can be measured in dollars and cents are recorded in the financial information system.
(viii) Hiring a new company president is an economic event that is recorded in the financial information system.
(ix) Financial statements are the primary means of communicating accounting information to interested parties.
(x) The accounting process is correctly sequenced as identification, recording, communication.

Required:
Indicate whether each of statement is **TRUE** or **FALSE**.

(10 marks)

PART C

The following are the transactions and cases that are relevant to Indah Sdn. Bhd.

(i) Employees' time is recorded using a time clock.
(ii) Employees who receive shipments of goods do not have access to accounting records for goods.
(iii) Shipping documents are pre-numbered.
(iv) The bookkeeper has no physical custody of assets.
(v) Only the company treasurer can sign checks.

Required:
Analyze each of the above cases and explain the internal control principles underlying each case.

(5 marks)

[TOTAL 25 MARKS]

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QUESTION 3

PART A

The comparative condensed Statement of Profit or Loss of Shah Rukh Trading is shown below:

Shah Rukh Trading
Comparative Statement of Profit or Loss for the year ended 31 December

	2021	2020
Net sales	RM 310,000	250,000
COGS	225,000	200,000
Gross profit	85,000	50,000
Operating expenses	27,000	20,000
Net income	58,000	30,000

Required:

(a) Prepare a horizontal analysis, using 2020 as a base.

(5 marks)

(b) Prepare a vertical analysis, in columnar form for both years.

(5 marks)

PART B

The following is selected year-end data for Mighty Macreen Trading.

	31 December 2021	31 December 2020
Cash	10,000	15,0000
Inventories	42,500	32,500
Accounts receivables (net)	50,000	40,000
Short-term investments	12,500	9,000
Current liabilities	50,000	45,000

In 2021, net profit was RM270,000, net sales were RM405,000 and cost of goods sold was RM307,500.

Required:

Compute and explain the following ratios at 31 December 2021:

(a) Current ratio
(b) Acid-test ratio
(c) Account receivable turnover ratio
(d) Inventory turnover ratio
(e) Profit margin ratio

(15 marks)

[TOTAL 25 MARKS]

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QUESTION 4

PART A

Orange-Blue Berhad reported a net profit of RM320,000 for the current year. Depreciation on buildings and equipment amounted to RM160,000 for the year. The balances of current assets and current liabilities accounts at the 2021 and 2020 are as follows:

	2021 (RM)	2020 (RM)
Prepaid expenses	19,000	10,000
Inventories	110,000	130,000
Accounts receivables	48,000	64,000
Cash	40,000	30,000
Accoutn payable	24,000	36,000
Income taxes payable	3,200	2,400

Required:
Prepare cash flows from operating activities in the Statement of Cash Flow using the indirect method.

(10 marks)

PART B

Huray Huray Enterprise uses the perpetual inventory system and had the following purchases and sales in April:

		Purchases		Sales	
		Unit	Unit Cost	Unit	Price/ unit
Apr 1	Beginning inventory	200	RM80		
3	Purchase	120	RM100		
4	Sales			140	RM160
10	Purchase	400	RM110		
16	Sales			190	RM180

Required:
Compute the ending inventory at 30 April using:
(a) First-in, First-Out (FIFO) inventory method.

(8 marks)

(b) Last-in, First-Out (LIFO) inventory method.
(Round unit cost to 2 decimal places.

(7 marks)

[TOTAL 25 MARKS]

END OF PAPER